



**Texas
Gas Service.®**

A Division of ONE Gas

City of Austin Audit & Finance Committee Presentation

Larry Graham and Stacey McTaggart
November 20, 2019

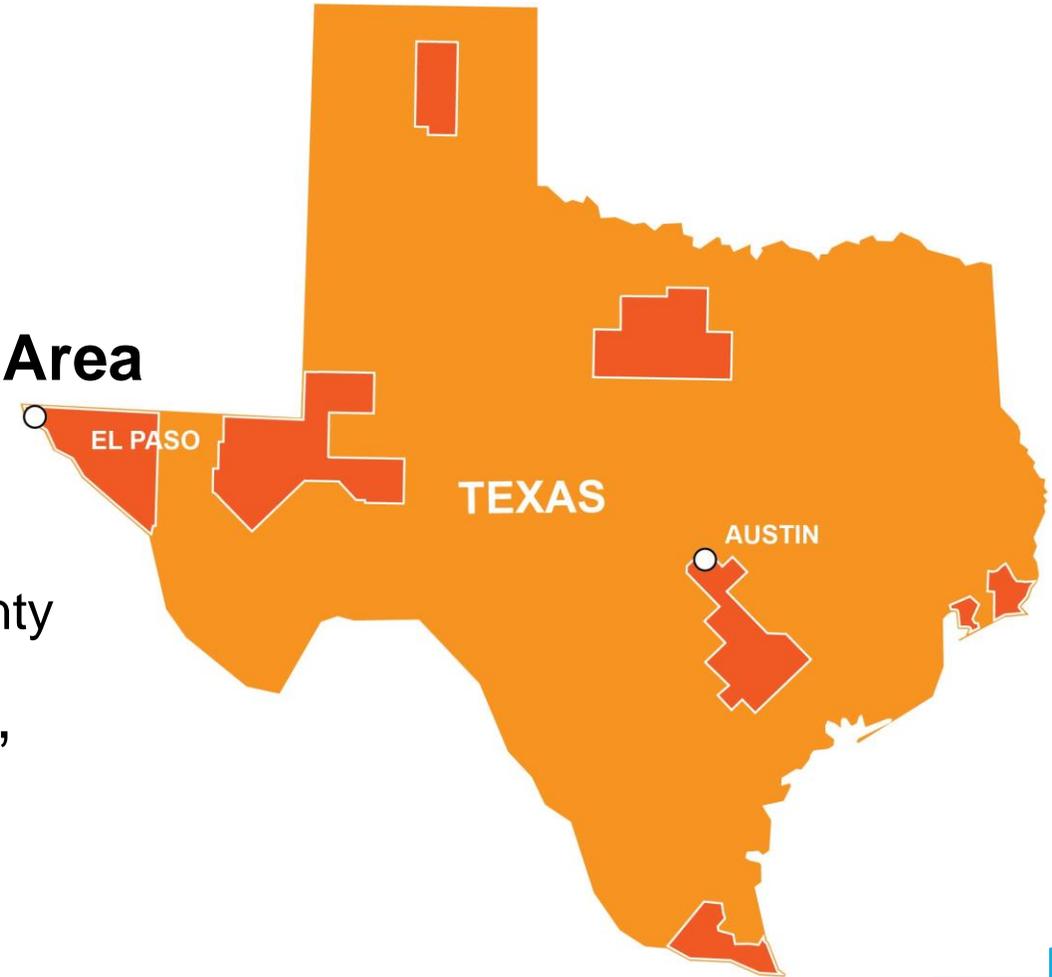


Who We Are



Areas & Customers

- A division of ONE Gas
 - Also has divisions in Oklahoma and Kansas
- 667,000 customers in Texas
- 260,000 customers in **Central Texas Service Area**
 - 220,000 within Austin city limits
 - 18,000 in 15 other incorporated cities
 - 22,000 in unincorporated areas, mainly Travis County
- Also in El Paso, Rio Grande Valley, Galveston, Port Arthur, North Texas and Permian



Our Austin Footprint

- 350 employees
- Three locations
 - Service Center at Avenue F and Koenig
 - Division Office at Barton Skyway and Mopac
 - Training Center at St. Elmo
- Active Member of the Austin Community



Texas Gas Service Rates in Austin



Rates in Austin: How We Compare*

- **7th lowest residential** natural gas bills out of 41 cities surveyed
- **14th and 11th lowest commercial** bills out of the 41 cities surveyed
- Average monthly residential customer bill in Austin last year was \$37.85 with 33 Ccf (net of taxes)
- Average summer bill was \$25.15 (11 Ccf; net of taxes)
- Average winter bill was \$62.63 (76 Ccf; net of taxes)

**According to Memphis Light and Gas Survey published January 1, 2019*

Energy Efficiency Program

FY 2018

- \$3.47 million budget approved by City of Austin Nov. 29, 2018
- Input from/reporting to the Resource Management Commission
- \$2.084 million in residential rebates
- 9,283 residential rebates issued
- 160 natural gas appliances replaced for elderly/low-income customers
- Partnership with Austin Energy
- Residential customers pay \$1.19 per month

The Regulatory Process



Regulatory Jurisdiction in Texas

- Cities have original jurisdiction over rates within their city limits
- Railroad Commission of Texas (RRC):
 - Original jurisdiction over rates in unincorporated areas
 - Appellate jurisdiction over rates within the city limits
 - Statewide responsibility for pipeline safety, including promulgating rules and enforcing safety rules
 - Maintains current tariffs for all utilities



Objectives of the Rate Regulatory Process

Provides the utility with an opportunity for a reasonable return on its investment

- Ensures utility expenditures are prudent
- Ensures rates are sufficient to allow the utility to attract capital

Ensures consumers are charged a fair and reasonable price for service

- Rates should approximate those that would be charged if the enterprise were not a regulated entity and was subject to competition
- Rates should be “just and reasonable” and “non-discriminatory”

Customer Bills



Actual October 2019 Bill

**RATE SCHEDULE(S) AVAILABLE UPON REQUEST
GAS SERVICE INFORMATION - RETAIN FOR YOUR RECORDS**

For service, bill inquiries, or assistance, call
Customer Service: 1-800-700-2443
Gas leaks: 1-800-459-5325
Payments by Phone: (866) 780-5488

www.texasgasservice.com
Texas Gas Service
PO BOX 219913
Kansas City MO 64121-9913

Natural gas is a safe, clean and reliable form of energy when used properly.
Read the enclosed insert for important natural gas safety information.

Page 1 of 1

Do Not Pay	\$43.9
Will Be Drafted from Your Financial Institution	10-28-1
Account Number	910051575 1400024 9
Rate	AUST I/S RES
Active Deposit	NONE
Statement Date	10-10-1

BC Settlement After Payment \$81.67CR

Previous Balance	\$43.96
Payments Received	43.96CR
Balance Forward	
Customer Charge	\$18.81
Delivery Charge	1.21
Cost Of Gas	3.40
Weather Normalization	0.01
Conservation Adjustment	1.19
Pipeline Safety (Per Ccf \$0.00449)	0.04
City Franchise Fee	1.32
Reimb for Gross Receipts Tax	0.54
City Tax	0.26
Current Charges	26.78
ABC Charge	
Total Amount Due	

Your Energy Use

Period	Days	Ccf
Current	31	10.000
Last Year	31	17.000

Meter or Station Number	Service Period From	To	Number of Days	Meter Readings Previous	Present	Constant	Ccf Billed	WNA/ Ccf
7J462908	09-06-19	10-07-19	31	4665	4675	1.0000	10.000	0.0014863

Texas Gas Service
A Division of ONE Gas
PO BOX 31427 • St Paul TX 78931-0427

ELECTRONIC SERVICE REQUESTED

Please return this portion when paying by mail. When paying in person, please bring this entire bill.

Share the Warmth helps disadvantaged Texans with home heating costs. To contribute, please include an overpayment and check the box to the left.

Account Number 910051575
Do Not Pay
Will Be Drafted

ANDREA GRISWOLD
5909 BULL CREEK RD
AUSTIN TX 78757-3101

TEXAS GAS SERVICE
PO BOX 219913
KANSAS CITY, MO 64121-9913

00 910051575140002491 000004396

Customer Charge	\$18.81
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Rate Design



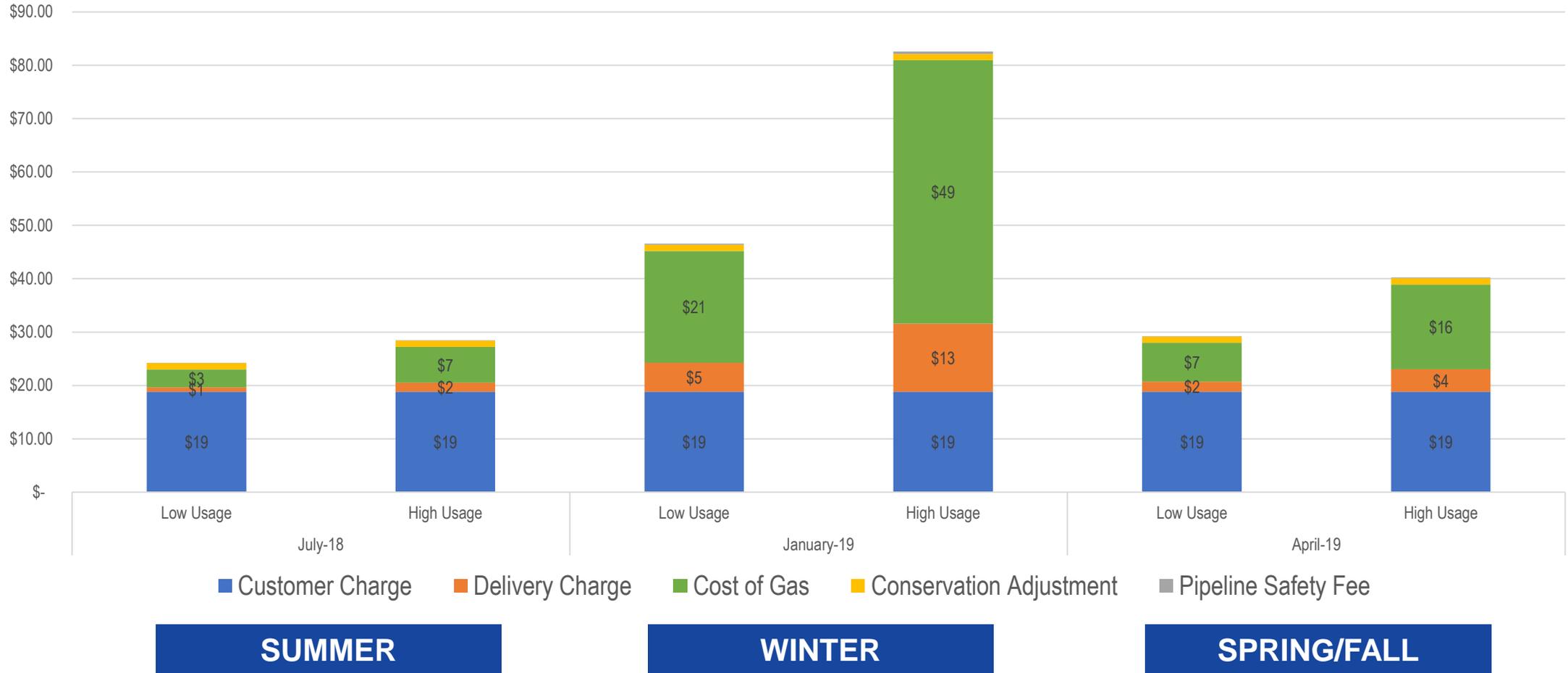
Current Rate Design

- Develop rates that will allow Texas Gas Service to recover approved revenue requirement fairly and equitably from all customers
- Give Texas Gas Service a reasonable opportunity to earn the allowed rate of return
- 2019 charges for residential customers in the City of Austin
 - Current customer charge: \$18.81
 - Delivery/Volumetric rate: \$0.12061 Ccf



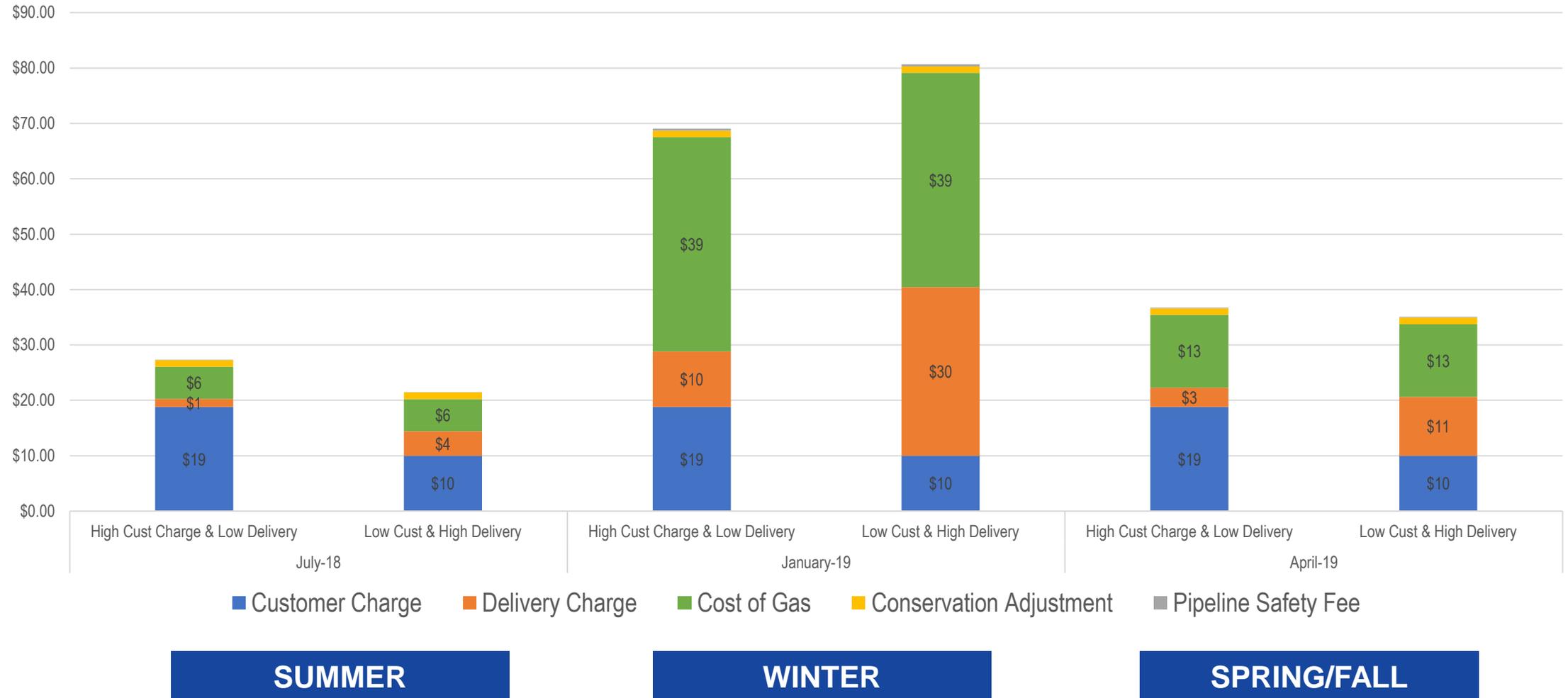
Current Rates

Weather is the Key Driver of Customer Bills



Alternative Rate Design

Lower Customer Charge Leads to Higher Winter Bills



ABC Plan – Average Bill Calculation

- Allows customers to pay the same amount each month, avoiding seasonal fluctuations
- Helps with monthly budgeting
- Based on customer's billing history
- Evaluated and updated each year

Rate Design Proposal



Proposal for New Rate Design

- Propose two residential customer options: “A” or “B”
 - Design based on customer’s historical annual consumption
- Rate Design A
 - Lower customer charge
 - Higher delivery/volumetric rate
- Rate Design B
 - Higher customer charge
 - Lower delivery/volumetric rate
- Responsive to concerns of the customer charge on low usage and low income customers
- Allows customers to choose the best option for them

Process for the Rate Case

- City Council has authority to approve rate increases for customers in Austin
- Office of Telecommunications and Regulatory Affairs (TARA) oversees regulatory filings and related issues (i.e., franchise, complaints)
 - Rondella Hawkins, Officer
- TARA staff and their rate consultant will work with the City Manager, City Law Dept. and Texas Gas Service to try to reach an agreement regarding the filing
- Final outcome will go before City Council for approval

Timeline

- Plan to file on December 20, 2019
 - Austin and all the other cities in the service area
- City must suspend implementation of rates by 35th day (January 24) to allow an additional 90 days of review
 - If the City takes no action, the proposed rates can go into effect
- Cities' jurisdiction ends at the 125th day (35 days + 90 days) – April 23, 2020

Thank You

Questions?

